

Independent Rates Oversight Committee – IROC

August 15, 2011

MINUTES

1. **Roll Call**

Chairperson Peugh brought the meeting to order at approximately 9:45 a.m. Monica Foster called roll and a quorum was declared. Attendance is reflected below:

Member	Present	Absent
Jim Peugh, Chair	X	
Don Billings		X
Christopher Dull	X	
Andy Hollingworth, Vice Chair		X
Jack Kubota	X	
Colin Murray		X
Irene Stallard-Rodriguez	X	
Todd Webster	X	
Gail Welch	X	
Ex-Officios		
Augie Caires, Metro JPA	X	
Ken Williams, City 10	X	

Department representatives: Roger Bailey, Director of Public Utilities; Ann Sasaki, Assistant Director, Tom Crane, Assistant Director, and Tom Zeleny, Deputy City Attorney.

2. **Non-Agenda Public Comment**

None.

3. **Approval of Draft Minutes from July 18, 2011**

Chairperson Peugh requested two corrections to the Minutes. Page 5, Item 11, paragraph 2, first line, add “Williams” after the title “Ex-Officio” is named to form a complete sentence; Page 7, Item 18, last sentence, remove “1” after “...subcommittees are:...” to read “...subcommittees are: more than half...”.

Action: Committee Member Kubota moved to approve the Draft Minutes with said corrections. Committee Member Welch seconded, with Committee Members Billings, Hollingworth, and Murray absent, all other members were in favor to approve the minutes with said corrections.

4. **Chair Updates – Chairperson Peugh**

None.

5. **City Staff Updates - Roger Bailey, Public Utilities Director, Marsi Steirer, Deputy Director, Long Range Planning & Water Resources**

- Committee Member Billings asked for a summary of the history of rate adjustments, this is included in the packet along with a memo.

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- Update on water main breaks and sewer spills: 10 water main breaks compared to 13 same time last year; and 21 sewer spills compared to 26 the same time last year.
- Action at last NR&C meeting to approve the 72 hour leak repair modification to the ordinance. Next step to move forward to City Council.
- Presented to City Council an overview of the Reservoir Augmentation Project, most of the presentation was of Dr. Parker, Parker Research, lead of CWA's public opinion lead of their public opinion survey on conservation.
- Marsi Steirer and Cathy Pieroni, on the Integrated Regional Water Management Plan, gave a presentation to bring new Council Members on this committee up to speed on the Grant Program (Prop. 50 and Prop. 84) and results of an internal survey of stakeholders. Ms. Steirer pointed out the San Diego region has done relatively well in terms of the amount of funds received for the projects.

6. **Water Conservation Film Contest Finalists - Showcase**

Chris Robbins presented results of the 3rd annual Water Conservation Film Contest, part of the public information outreach activities. This particular contest was open to college level and high school students, grade 11 and 12, to submit films about water conservation. He also pointed out elementary school age children's artwork is displayed around MOC II. He began the film presentation by showing the top 6 finalists out of 32 entrants, and finally the 1st place winner which was chosen to show at 3 theaters: Mission Valley, Fashion Valley, and AMC in Mira Mesa from June 24 – August 4. He noted it was shown approximately 17,000 times during this time frame.

7. **FY10 IROC Annual Report Adoption**

Chairperson Peugh reported this was discussed in the earlier Finance Subcommittee meeting where a recommendation was made by Committee Member Welch. Her motion to re-write the Finance portion at a more summary level, and in a more factual and independent nature keeping it consistent with the other Subcommittee portions, was adopted by the Subcommittee. She added the new document would still include the four topic areas that were addressed in the original document.

Committee Member Dull concurred with the recommendation, and also suggested having an alternate version, in the case the entire Finance Subcommittee cannot agree.

Chairperson Peugh directed this suggestion to Tom Zeleny, Deputy City Attorney. Mr. Zeleny indicated the IROC has discretion to take any action it would like by accepting, rejecting, modifying, etc. the Finance Subcommittee's recommendation. He added the current full IROC report, less the Finance portion, can be submitted beforehand, and submit the Finance portion at a later date, or wait to finalize this portion and submit all together at a later date. There are many options.

Committee Member Welch asked for comments regarding the reasons not wanting to accept the current Finance portion. Some members indicated that the amount of data obscures the points the report is trying to reflect. Revising it to a more concise level

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would convey the points making it easier to read and comprehend; it reads in a negative fashion, and summarizing it would make it easier on the average reader, making the material more to the point, as well as it reflecting how all members of the Committee would like it to read as a group effort. It was also noted that a considerable amount of time and effort went into this document, and it is appreciated.

Ken Whitfield, City Comptroller, indicated he spoke before the Finance Committee earlier and expressed his opinion that he felt in order to get the points across, it would be better summarizing the Finance portion, and would be more consistent with the overall IROC Report as well as consistent with many other oversight committees across the City. He added the majority of citizens who we represent who are reading this may not comprehend such a complex document.

Ex-Officio Caires commented that the Metro Commission, JPA does not feel the financial reporting of the City is an issue with the Commission. They are very satisfied with the reporting and have no doubts the funds are being safeguarded.

Action: Chairperson Peugh asked for a motion for this item. After discussion, Committee Member Dull made a motion to adopt the recommendation of the Finance Subcommittee, and secondly, not to release the full IROC Annual Report until the Finance subpart is completed and agreed upon. Committee Member Stallard-Rodriguez seconded. With Committee Members Billings, Hollingworth, and Murray absent, all others were in favor.

8. Future Permitting Strategies – Planning for Next 5 Years

Steve Meyer, Deputy Director of Environmental Monitoring & Technical Services, gave an overview of where the Department is at this point, regarding compliance with the Clean Water Act and other environmental laws relating to wastewater. He indicated the strategy for future permits is to do what is necessary to ensure that we preserve options for meeting long-term regulatory requirements for wastewater discharges. He added this is a high-level strategic overview which is important to the Metro System, City and Department. Also, it is important to the critical infrastructure, protection of resources and beneficial uses, and to comply with the law. The City wants to preserve options for future decision makers.

Mr. Meyer reviewed the timeline key points. If a Waiver is needed, the application process begins 1 year prior to the submission. He indicated possible future options include: reapply for renewal of the current Waiver, reapply and commit to additional water reclamation, commit to converting to secondary, including the implementation of additional water reclamation, or commit to converting to secondary. He then reviewed what future options depend on. He then gave a detailed overview of the Point Loma Wastewater Treatment Plant (PLWWTP), the “King-pin” of the Metro System.

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He then gave an overview on where we are today and how we got there, some of the unique aspects of PLWWTP, its Permit, and some of the challenges we may face going forward relating to legislative and regulatory drivers, Federal and State regulations, environmental assessments, and policy decisions, for example. He added PLWWTP operates under a unique modified NPDES Permit that allows advanced primary instead of secondary treatment, and are fully in compliance with CWA and California Standards and fully compliant with secondary standards for all other pollutants.

Mr. Meyer then discussed some of the concerns, issues and opportunities. He indicated keeping options open is very important. One of the key factors is how we run the business and how we comply with the current permit. He added Plant performance, ocean monitoring, industrial pretreatment, and facility planning are crucial areas to keep at the highest level of performance. Last, he gave a brief summary of what he covered during this presentation.

Going forward, the Metro System situation and Point Loma Ocean Outfall (PLOO) are unique and all evidence shows no harm to the ocean from discharge at Advance Primary. It is too early to make definitive decisions, future challenges are going to exist, whatever the course we chose. He stated keeping options and flexibility will be challenging enough. Mr. Meyer showed aerial views of the Pt. Loma and Navy land north of the Plant. This area may be an opportunity for growth.

Committee Member Kubota asked in regard to an Agreement made with the Surfrider Foundation, are we on schedule with the commitments in the Agreement? Mr. Meyer indicated he does not believe there are specific timelines. However, the Recycled Water Study that was in the Permit itself, we are on schedule. Committee Member Kubota asked with the change of administration next November, will this change any direction of plans? Mr. Meyer indicated the Department is mindful but cannot make predictions at this time, but prepare to support.

Ex-Officio Williams asked what the likelihood the requirements can be met in 2015 without a secondary treatment. Mr. Meyer indicated this depends on the requirements, meeting the conditions as they are today, he does not see any obstacles. The new standards may be different. Committee Member Webster expressed his concern with possible opposition for the next Waiver, and suggested learning more about the City's plan for future secondary treatment.

Chairperson Peugh suggested a subsequent discussion at an Environmental & Technical meeting to discuss this topic further. Committee Member Webster concurred.

Chairperson Peugh noted, after review of the aerial photo of the treatment plant, the land north of the Plant has great biological value, and he is concerned with potentially moving in that direction; he indicated some other approach would be best. He also raised questions about future cost analysis and negotiations. Mr. Meyer referred him to the

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Water Reclamation Study which may answer a lot of questions. Mr. Bailey noted there will be cost analysis done, however this will depend on which option is followed, as there will be several alternatives. Chairperson Peugh added a lot of background engineering and financial data is required to know what the implications of each of those options are. Mr. Bailey indicated he understands this.

9. ***Break***

10. **Subcommittee Reports:**

a. **Finance**

- None.

b. **Environmental & Technical**

- No report for August, meeting was cancelled.
- Next meeting plan to discuss asbestos cement pipeline with Jim Fisher.

c. **Public Outreach, Education & Customer Service**

- No report for August, meeting was cancelled.
- Next meeting plan to discuss Water Purification Project.

11. **Metro/JPA – Report Out**

- No report for August, meeting was cancelled.

12. **Infrastructure Disaster Preparedness**

Jim Fisher reviewed infrastructure disaster preparedness both from a natural disaster and a manmade disaster perspective. He gave a brief background and what the Department has done in the 2000 – 2006 timeframe for the Wastewater and Water Departments in regard to performing Seismic Vulnerability Assessments and an Operations Plan outlining how to operate under different scenarios related to natural and manmade disasters including (after 9/11) those from 3rd Parties. In FY2012, as one of the Strategic Initiatives, the Department will be conducting a Wastewater System Vulnerability Assessment similar to the one in 2002 for the Water System, and update the Water System Vulnerability Assessment as appropriate with current facilities and information.

Mr. Fisher reviewed the Water and Wastewater systems from a design standpoint and listed and described several CIP improvements to help protect the facilities in the event of a disaster. He noted all new facilities are designed and constructed to current seismic standards and include appropriate security features based on the Vulnerability Assessment. He added as being a member of the San Diego County Water Authority, we fully support and work cooperatively making sure we have an adequate water supply in the region in the event of a natural disaster.

Last, Mr. Fisher discussed the Operations Centers, noting in the future these will be consolidated to one. He also reviewed the Department staffing, completed NIMs training, and mutual aid with the San Diego County Water agencies. He then listed

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numerous exercises, trainings, workshops, and communications with other agencies, in regard to homeland security and disaster preparedness.

Chairperson Peugh asked how large the anticipated 2012 Vulnerability Assessment of the Wastewater System will be. Mr. Fisher indicated it is rather extensive, and will be the entire system, covering all facilities. Mr. Fisher explained in more detail, what the Assessment would entail.

13. Proposed Amendments to IROC By-Laws:

Tom Zeleny, Deputy City Attorney, recalled the request by Committee Member Billings to place a deadline into the IROC By-Laws for when the Annual Report is due. Provided in the handouts was a copy of the amended By-Laws for approval. He pointed out the changes which were: (1) page 3, subparagraph I, adding language indicating Report will address the prior fiscal year, and must be complete and submitted to the Mayor and City Council by January 31 of each year. He noted the IROC Committee can vote to change that if there is trouble meeting that particular deadline; (2) changes were made to reflect the merge of the two divisions, being under one department now (Public Utilities Department); (3) a language change on page 4 regarding officers of the Committee with regard to the Vice Chair being a continuing position, they would not be eligible to serve more than 2 consecutive years without 1 year off; and (4) he made it more clear that it is not necessary to take action by resolution. Recommendations are easier by correspondence rather than by resolution.

Action: Chairperson Peugh asked for a motion to adopt the changes. Committee Member Kubota moved to adopt the changes to the By-Laws, Committee Member Welch seconded, with Committee Members Billings, Hollingworth, and Murray absent, all others were in favor.

14. Accepting nominations for the Environmental & Technical, and Public Outreach, Education & Customer Service Subcommittees

Chairperson Peugh asked for volunteers for any of these Subcommittees. Mr. Zeleny indicated that Ex-Officios are eligible to be voting members on the standing Subcommittees. Ex-Officio Williams volunteered to serve on the Finance Subcommittee. However, this subcommittee is not listed on the current Agenda. Therefore, this item will be listed on the next IROC Agenda.

15. Proposed Agenda Items for future IROC meetings

- Nominations for Finance Subcommittee members.
- Ex-Officio Williams asked for more of a summary type presentation on the rate increases over the past 10 years for a typical household, in regard to the highly detailed information recently received.
- In regard to the Revenue & Expense information received today, would like to see this information reviewed by the full IROC on a frequent basis. Mr. Bailey concurred.

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- Committee Member Welch suggested information related to a Carbon Disclosure Project in regard to sustainability reporting. For example is the city of San Diego in a water stressed region? How much water is actually available per person. Mr. Bailey will look into this subject. However, he noted the Department does have the consumption per capita on what the average residential customer consumes, and can supply that information.
- Recycled Water Study. Mr. Linares noted this is scheduled to be on the October Agenda.
- Information on the negotiations between the San Diego County Water Authority and the Desalination Project and what the implication of that would be on San Diego rate payers. Mr. Bailey indicated this information is not available as of yet.

16. IROC Member's Comments

None.

The meeting was adjourned at approximately 12:02 p.m.